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SUBJECT: MEDIA REACTION: U.S. ARMS SALES TO TAIWAN,
U.S.-CHINA-TAIWAN RELATIONS, U.S. FINANCIAL CRISIS

¶1. Summary: Taiwan's major Chinese-language dailies focused their news coverage October 1 on U.S. President George W. Bush's call for Congress to pass the US\$700 billion bailout bill Tuesday; on the Taiwan government's measures to prop up the Taiwan stock exchange after the House of Representatives rejected the bailout plan; on the stalled U.S. arms sales to Taiwan; and on the Taiwan government's follow-on measure to tackle the melamine-tainted dairy products from China. The centrist, KMT-leaning "China Times" ran an exclusive news story on page seven with the headline "[U.S.] Arms Procurements Get Shelved Reportedly Because [Condoleezza] Rice Is Angry [about a New Leak]."

¶2. In terms of editorials and commentaries, an analysis and a column in the pro-independence "Liberty Times" both criticized the Ma Ying-jeou Administration for blaming former President Chen Shui-bian for the failed U.S. arms sales to Taiwan. The column said the Ma Administration's China-tilting policy is the main reason why Washington has allegedly frozen its arms sales to Taiwan. With regard to U.S.-China-Taiwan relations, an op-ed in the pro-independence, English-language "Taipei Times" written by former AIT Chairman Nat Bellocchi said that many believe that Taiwan's improved relations with China "will substantially influence Taiwan, and changes in this relationship could affect U.S. relations." A separate "Taipei Times" op-ed, written by a Taipei-based Western writer, said, "as a side effect of a policy shift on North Korea, whatever influence Beijing had over Washington's position on Taiwan could vanish, which in turn could weaken the elements in the White House and at the State Department who in the past five years have been willing to sacrifice Taiwan for the sake of China's role in the North Korean disarmament talks." A column in the mass-circulation "Apple Daily," on the other hand, discussed the U.S. financial crisis. The article said U.S. President George W. Bush, who is about to step down, could only play the role of supporting actor in this earthshaking change unfolding on Wall Street. An editorial in the conservative, pro-unification, English-language "China Post" said that American taxpayers will have to pay the bill in the end, "willy-nilly, out of fear." End summary.

¶3. U.S. Arms Sales to Taiwan

A) "Ma Administration Seeking to Creep out of Its Predicament, Falsely Attributing the Faults to Bian"

Washington correspondent Nadia Tsao wrote in an analysis in the pro-independence "Liberty Times" [circulation: 700,000] (10/1):

"... Ever since it assumed office, the Ma Administration has not seen any gratitude expressed by the Bush administration for his efforts to improve cross-Straits relations or maintain a low-profile manner towards the United States. In terms of issues such as national security and arms procurements, both the ruling and opposition parties in Taiwan have both done something over the past seven years that sabotaged the goodwill gestures of the Bush Administration and mutual trust between the two, and they have all allowed political infighting to override Taiwan's national

interests. Now that China's strength has grown to a degree that one can hardly compare it with what it was eight years ago. Given that Washington and Beijing share more deeply intertwined interests, plus the changes in the Taiwan Strait [over the last few years], will [the Ma Administration] be able to solve all its problems just by blaming everything on Chen Shui-bian? The Ma Administration should at least be honest with itself!"

B) "Abandon One's Armor and Helmet!"

The "Free Talks" column in the pro-independence "Liberty Times" [circulation: 700,000] wrote (10/1):

"... If one reflects on the words and deeds Ma Ying-jeou has previously made toward the U.S. arms sales to Taiwan and the pro-China policy he had adopted since assuming office, one could tell that Ma has been 'abandoning his armor and helmet' all along, trying to fawn on China by crippling Taiwan's defense capabilities. ... The Ma Administration decided to abandon its armor and helmet [i.e. to flee in defeat], but it also sought to use the former Chen Administration as an excuse for its behavior. The remarks to the effect that the [U.S.] arms sales [to Taiwan] were frozen because 'Bush is still mad at Bian' are merely aimed at shirking Ma's responsibilities. Ma has been in office for over four months now. His policy that shows a rapid tilt toward China is the main reason why Washington has frozen its arms sales to Taiwan. It is truly absurd, incompetent and shameful that [the Ma Administration] has used Bian as an excuse for what his own fault!"

14. U.S.-China-Taiwan Relations

A) "Uncertain Times for Taiwan, the US and PRC"
U.S.-CHINA-TAIWAN RELATIONS, U.S. FINANCIAL CRISIS

Nat Bellocchi, former AIT chairman and a now a special adviser to the Liberty Times Group, opined in the pro-independence, English-language "Taipei Times" [circulation: 30,000] (9/27):

"The US and Taiwan are going through a very uncertain period. Both are dealing with very difficult economic problems. In addition, the US faces a tight election, and Taiwan has a new government that is focused on working with China. The future of the US-Taiwan relationship is not as clear as in the past. ... While the US has problems of a global magnitude, Taiwan's issues are no less important. ...

"Then there is the relationship with the US. Many think Taiwan's new government will continue to improve relations with China. Inevitably, this will substantially influence Taiwan and changes in this relationship could affect US relations. In recent years, Taiwan, the US and China have seen many changes in their relationships. The US has had problems in the Middle East and is now battling an economic crisis. Taiwan, meanwhile, has had problems with the US and China. The US will have to spend time rearranging its economy and may have to continue to focus on the Middle East, therefore persisting in its habit of paying less attention to other world issues. Taiwan, meanwhile, will likely spend much of its efforts determining how to relate to China while continuing to work on closer relationships with other countries.

"B) "Beijing's 'North Korea' Card No Ace"

15. J. Michael Cole, a writer based in Taipei, opined in the pro-independence, English-language "Taipei Times" [circulation: 20,000] (9/29):

"Well before President Ma Ying-jeou's peace overture to Beijing required supposed nursing by the international community, many commentators rationalized US President George W. Bush's unexpected policy volte-face on Taiwan by arguing that the US needed China's help in the six-party negotiations to disarm a nuclear North Korea. Cognizant of Beijing's style of diplomacy, in which it never gives freely but always expects something in return, the US and other countries involved in the talks with Pyongyang allowed themselves to become more flexible on a matter they knew was of tremendous importance to China - Taiwan. Some could argue, therefore, that Taipei became the sacrificial lamb to ensure the participation of

Beijing - North Korea's principal diplomatic ally and neighbor - in the disarmament talks. ...

"As a side effect to a policy shift on North Korea, whatever influence Beijing had over Washington's position on Taiwan could vanish, which in turn could weaken the elements in the White House and at the State Department who in the past five years have been willing to sacrifice Taiwan for the sake of China's role in the North Korean disarmament talks. While there is nothing to celebrate in the failure of diplomacy to persuade Pyongyang to abandon its nuclear ambitions, a reversal of fortunes-combined with a Taiwan-friendly Japanese prime minister - could bring about a positive shift in policies toward Taiwan, at modicum a lessened sense of isolation. If that opportunity emerges, it should be seized."

15. U.S. Financial Crisis

A) "Rome Is On Fire"

Columnist Antonio Chiang wrote in his column in the mass-circulation "Apple Daily" [circulation: 520,000] (10/1):

"... No matter in what form the [U.S.] government's bailout plan is approved, the good life that used to be enjoyed by the rich guys on Wall Street will come to an end now. In particular, it will be a nightmare for the privileged few of Wall Street when the CEOs of the big banks are lined up to receive humiliating interrogations by Congress. But there are also times when Wall Street can take delight in others' misfortunes. [They will be amazed to see] the partisan struggles in Congress and that the reputation of the U.S. president, the most powerful man in the world, has dropped to such a low.

"The financial bailout plan proposed by Bush would not win any support from Congress had it not been endorsed by the heads of the Department of Treasury and Federal Reserve Board. All the more, the approval ratings for the Congress are even lower than the 30 percent for President Bush. The voters do not trust Bush, nor will they trust Congress. ... Bush, who is about to step down, could only play the role of supporting actor in this earthshaking change. It is a polite way to call him a lame duck, while in reality, he is nearly irrelevant now. ..."

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B) "Socialist U.S., Capitalist China"

The conservative, pro-unification, English-language "China Post" [circulation: 30,000] editorialized (9/27):

"The world is changing in unbelievable ways. America is becoming increasingly socialist while China is now unabashedly capitalist. Are we living in the real world? ... Now we are witnessing a beleaguered George W. Bush pleading to Congress for approval of a US\$700 billion bailout plan, the largest in history, drafted by Treasury Secretary Hank Paulson and Fed Chairman Ben Bernanke. Paulson and Bernanke were trying hard to get unlimited authority to use the money in whatever way they deem appropriate to rescue troubled financial institutions. Paulson, a former Wall Street executive, warned Congress that if the proposal was not approved immediately, the consequences would be disastrous, evoking the specter of a financial meltdown like the Great Depression in the 1920s.

"Was this scare mongering? Certainly it sounded familiar. President George used the same fear to sell Congress and the American people his war on Iraq, claiming Saddam Hussein possessed weapons of mass destruction and was ready to use them. Now, the war is costing American taxpayers US\$1 billion per day. The country's national debt soared to US\$9.6 trillion as a result. The financial burden is a contributing factor to America's financial disaster of 9/11 proportions.

Few would deny the urgency of the crisis. But America is the fortress of capitalism that prizes the market economy. Capitalists made their fortunes and live like kings. That's OK and that's the beauty of capitalism. But capitalists are not supposed to seek government help when their companies go broke. Wall Street

companies, after all, are not like China's SOEs which can always get money from the bank when they operate at a loss. Besides, China's "iron bowl" CEOs don't get eight-digit pay packages, either. That's why Paulson's proposal has raised so many eyebrows. ...

"Unfairness and irony notwithstanding, American taxpayers would have to bite the bullet, as a harried Bush warned the nation on live TV Wednesday night of the dire consequences if the bailout plan was not approved at once. Was he crying wolf again? In the end, American taxpayers will have to pay the bill, willy-nilly, out of fear. But then, American capitalism will not be the same, just like Chinese socialism is no longer true to the meaning of the word. China's rapacious capitalists are making money at all costs - just look at the deaths at unsafe coal mines and sickened infants fed with tainted milk."

YOUNG